

Message Text

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43

ACTION EB-11

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PASS TO MARAD OFFICE OF SHIP CONSTRUCTION

E.O.11652: N/A

TAGS: ETRN, FR, AG

SUBJ: ALGERIAN TANKER PURCHASES

REF: (A) PARIS 2835 (B) ALGIERS 0056

1. SUMMARY : CNAN (ALGERIAN NATIONAL SHIPPING COMPANY) CONFIRMS REPORT OF PURCHASE OF FOUR LNG TANKERS. CNAN INTENDS TO PURCHASE SIX TO NINE MORE LNG TANKERS, AND SIX TO TEN OIL TANKERS. CNAN IS INTERESTED IN MOVING AHEAD WITH NEGOTIATIONS WITH U.S. YARD FOR LNG TANKERS. END SUMMARY.

2. ALGERIAN PRESS GAVE GOOD COVERAGE TO SIGNING OF CNAN ORDER FOR FOUR LNG TANKERS. FIFTH TANKER FROM CIOTAT WAS CANCELLED DUE TO FAILURE TO FUND. ARTICLES NOTES CNAN RECIEVED 17 SHIPS IN 1973 AND PLANS TO INVEST IN MORE SHIPS UNDER NEW FOUR YEAR PLAN - UP TO 10 PERCENT OF TOTAL INVESTMENT.

3. DIRECTOR GENERAL OF CNAN, MOHAMED GUENDOUZ, CONFIRMED FRENCH YARDS ARE SUPPLYING 80 PERCENT OF FUNDING THROUGH EIGHT YEAR FROM DELIVERY 7 1/2 PERCENT LOAN WITH GOF. CNAN PUTS FORWARE 20 PERCENT WHICH IT HAS ALREADY BORROWED VIA LAST YEARS 200 MILLION EUROS DOLLAR LOAN WITH CONSORTIUM LED BY FIRST NATIONAL CITY BANK. (THIS LOAN IS ERRONEOUSLY DESCRIBED IN LIMITED OFFICIAL USE

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PROSPECTUS AS LOAN FOR TWO OR THREE LNG TANKERS WHILE CNAN

VIEWS IT AS ALGERIAN DOWNPAYMENT ON A NUMBER OF LNG TANKERS.)

4. GUENDOUZ EXPLAINED CNAN IS IN THE MARKET FOR 10 -13 LNG TANKERS. FIFTEEN YARDS HAD EXPRESSED AN INTEREST IN LNG TANKERS, BUT THIS HAS BEEN REDUCED NOW TO EIGHT YARDS. GENERAL DYNAMICS OF QUINCY, MASS. IS IN THE RUNNING. AT PRESENT, ACCORDING TO GUENDOUZ, NEGOTIATIONS ARE AT A HALT UNTIL EXIM REPLIES TO GENERAL DYNAMICS ON FINANCING. ONCE FINANCING IS AVAILABLE CNAN WILL BE READY TO PROCEED WITH NEGOTIATIONS, FIRST NATIONAL BANK OF BOSTON TEAM WHO WERE JUST IN ALGERIA ON POSSIBLE LNG TANKER FINANCING INFORMED EMBOFF THAT LAON REQUEST WAS AT EXIM.

5. GUENDOUZ SAID ALGERIA PRESENTLY PLANNING TWO LNG TANKERS FOR EUROPEAN GAS CONTRACT. THREE FOR PANHANDLE, TWO FOR GAS DE FRANCE CONTRACT, 3 FOR POSSIBLE EL PASO II CONTRACT IF IT IS RENEGOTIATED AND THREE FOR EASCOGAS CONTRACT. DELIVERY DATES HAVE SLID WITH DELAYS IN CONSTRUCTION OF LIQUIFICATION PROJECTS. LNG TANKERS ARE NOT REPEAT NOT BEING ALLOCATED FOR SPECIFIC CONTRACTS.

6. GUENDOUZ ALSO SAID THAT CNAN PLANNED TO ORDER 6- 10 REGULAR OIL TANKERS FO 65 -125,000 TON SIZE. THIS IS IN 1974 -77 FOUR YEAR PLAN WHICH STILL IN PROCESS OF FINALIZATION. ALGERIAN PORTS CANNOT TAKE TANKERS OVER 220,000 TONS AND SMALLER SIZE GIVES ADDED VERSATILITY AND COULD USE REOPENED SUEZ CANAL.
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